



Trade World UTAH

April 2004

Calendar of Events

Published by:

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In Cooperation With:

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Division of Business & Economic
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May 12
8:30 a.m.-
1:30 p.m.

Location:
Cost:
Registration:

May 18
7:30 a.m. –
5:00 p.m.

Location:
Cost:
Registration:

May 19
8:30 a.m.-
12:00 p.m.
&
1:30 p.m.-
5:00 p.m.

Location:
Cost:
Registration:

Third Annual International Trade & Business Conference Bank

Mark your calendars this year's conference will again include presentations on a variety of topics related to international business. The event's keynote speaker will be Mr. Dee T. Allsop, Chairman & CEO of Wirthlin Worldwide. Wirthlin Worldwide is among the world's premier strategic opinion research and consulting firms. Their clients have included presidents and prime ministers, nearly two-thirds of the Fortune 100, and more than 40 of the Fortune Global 100 corporations. Wirthlin Worldwide is devoted to counseling clients on how to build measurable value for their enterprises. Look for additional information on this conference in the coming weeks. If you have questions regarding this event, please contact Mac Epps at macepps@zionsbank.com.

Little America Hotel, 500 South Main Street, S.L.C., Utah 84101
\$25 per person
On-line at: <http://www.zionsbank.com/itbconference.jsp?cid=>, or by calling 801-524-7391 between 9:00 a.m. and 5:00 p.m.

Automated Export System (AES) Workshop

To improve national security, Public Law 107-228 was signed on September 30, 2002 by President Bush requiring exporters export information through the Automated Export System (AES). If you are still filling out the paper Shipper's Export Declaration (SED), you only have until mid-2004 before you are mandated to use AES to file your export information. If shippers do not use the AES, they will be fined and their shipments seized by Customs officials. The AES Workshop allows you to get prepared for this requirement. Experts from the U.S. Census Bureau and the U.S. Bureau of Customs and Border Protection will present the new regulations and how to submit Shipper's Export Declarations (SED) through the AES. Topics covered include: filling required export information; the Automated Export System (AES); Schedule B classifications; Port requirements; Efforts against terrorism & international narcotics trafficking. Continental breakfast, lunch, and seminar handouts included in participation fee. If you would like hands-on training, on the next day, plan to attend the AESPcLink Certification Workshop.

Hilton- Salt Lake City, 255 South West Temple, S.L.C., Utah
\$150 for first registrant, \$100 for additional registrants from same company
On-line at: <http://www.census.gov/mso/www/ftd/index.htm> (click on: "U.S. Export Regulations Expo" toward the top of the page) or for information, please contact: Crystall Mackall or Christina Torres at 301-763-2238. Registration deadline is May 11, 2004.

AESPcLink Certification Workshop

The AESPcLink Certification Workshops include an overview of the Automated Export System, hands-on PC training, and filing sample Shipper's Export Declarations (SEDs) via AESPcLink. (You may bring samples of SEDs filed by your company for practice.) Participants will be presented with certificates upon completion.

Salt Lake Community College - Redwood Campus
4445 South Redwood Road, S.L.C., Utah 84123
\$40 per person
On-line at: <http://www.census.gov/mso/www/ftd/seminars.htm> (click on: "U.S. Export Regulations Expo" toward the top of the page) or for information, please contact: Crystall Mackall or Christina Torres at 301-763-2238. Registration deadline is May 11, 2004.



Trade Resources



U.S. and International Anti-bribery Laws: Develop your own action plan towards Anti-bribery compliance

The World Bank estimates that \$1.5 trillion of a \$33 trillion gross world product annually is lost to global corruption payments. An analysis from the OECD (Organization for Economic Cooperation and Development) Anti-bribery Report 2003 reported an estimate "that between May 1994 and April 2003, 514 contracts worth \$260 billion may have been affected by bribery of foreign public officials, with U.S. firms losing 118 of these contracts worth \$40 billion". Bribery and corrupt practices poses a viable concern to U.S. firms in quantifiable terms of losing potential contracts to those not in accordance with anti-bribery measures and regulations. The Foreign Corrupt Practices Act (FCPA) is one such measure used internationally to help combat corruption. The FCPA contains provisions targeting corrupt bribery and accounting practices. Both the Anti-bribery and accounting provisions are listed below:

FCPA Anti-bribery Provisions

- 1) Payment or promise to pay or give money or gifts
- 2) Made to a foreign official
- 3) Corruptly and fairly
- 4) With purpose to: (a) influence any act or decision made by the foreign official in his or her official capacity;
(b) induce a foreign official to not act or fail to do any action in violation of the foreign official's lawful duty;
(c) to secure any improper advantage;
(d) induce the foreign official to use his influence with a foreign government or instrumentality thereof to influence or affect any act or decision of such government or instrumentality
- 5) To assist in obtaining, retaining or directing business
- 6) By an "issuer", a "domestic concern", or a foreign national business
- 7) Third party payments made while knowing that payment will go directly or indirectly to a foreign official are prohibited

FCPA Accounting Provisions

- 1) Record Keeping- Issuers must keep books, records and accounts which, in "reasonable detail," accurately reflect transactions and dispositions of their assets
- 2) System of Internal Accounting- Issuers must devise and maintain a system of internal accounting controls sufficient to provide "reasonable assurances" that:
 - (a) transactions are executed in accordance with management's authorization;
 - (b) transactions recorded as necessary to permit preparation of financial statements according to GAAP or other applicable criteria, and to maintain accountability for assets;
 - (c) access to assets is permitted only in accordance with management's authorization; and
 - (d) recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- 3) Subsidiaries- Issuers must insure that majority-owned subsidiaries comply. If issuer owns only 50% or less of the voting power of a domestic or foreign firm, it must use good faith efforts to cause that firm to implement record keeping and internal accounting controls.
- 4) A standard of reasonableness applies
- 5) No exception for facilitating payments

Infringements on the mentioned provisions entail both civil and criminal sanctions and repercussions ranging from large issuer fines as well as imprisonment to parties involved. To avoid such consequences, establishing an action plan dealing with bribery and being anti-bribery compliant is essential for all entities looking to continue negotiating international contracts.

Elements for an Effective Anti-bribery compliance program:

- Company size is irrelevant
- Due to vicarious liability, compliance policy must extend to foreign subsidiaries and agents
- Training of employees and consultants
- Due diligence procedures
- Prohibition against direct or indirect payments without prior written authorization of decision maker familiar with anti-bribe laws
- System for policing and investigating alleged violations
- Specific anti-bribery warranties; audit rights; pre-closing conditions
- Dispute resolution mechanism: arbitration vs. litigation
- Take proactive steps to avoid criminal liability if an affiliate paid a bribe
- Note that attorney-client privilege does not provide safe haven
- If foreign competitor bribes, contact U.S. DOC "Bribery Hotline" and inform foreign government (www.mac.doc.gov/tcc)



Trade Resources



Working Capital Available to Expand Export Sales

Due to the decreasing dollar comparative to many foreign currencies, the export market for U.S. goods has been increasingly favorable. The increase of demand for U.S. exports has in many ways leveled the playing field of the global market environment. Expanding or looking for those international sales could be a key factor in achieving your business objectives.

In order to do so, however, it is vital for an organization to have sufficient working capital. Many times the outlets used to obtain new working capital seem restricted and unattainable. The U.S. government is here to help by providing valuable assistance. The U.S. Small Business Administration (SBA) as well as the Export-Import Bank (Eximbank) should become, if not already so, your newest exporting allies. Many banks feel tentative about their clients' international sales, therefore straining international opportunities in many cases. The SBA and Eximbank can at these times play your advocate and provide your bank with a 90% guaranty on loans extended to you for financing exports. The export working capital loans can be used for a single transaction (larger than normal transactions perhaps) or even established on a 12-month revolving line available to finance multiple transactions. The SBA loans used 12 months or less have a guaranty fee of .25% with lines renewed for three years. Collateral is primarily what is used in the transaction mainly: inventory, accounts receivable, WIP, and an assignment of proceeds for letters of credit or credit insurance policies. The Eximbank does not have a lending limit. SBA loans can go as high as \$1.1 million; however, there is currently a temporary funding cap of \$750,000.

If you are looking to expand a growing export volume, the SBA also has international trade loans made available. These loans provide a 75% guaranty on your commercial bank loan. The terms can exist for as long as 25 years and are applicable to fixed assets or working capital.

The SBA also has a program called the SBA Export Express made available to applicants who have been in business for at least a year. If the applicant's financing needs are \$250,000 or less the program is obtainable. Loans of up to \$150,000 through lender-expedited processing with an 85% SBA guaranty or the \$250,000 with a 75% guaranty are available through the SBA Export Express Program. The potential exporter must demonstrate the loan's capability of expanding into an existing export market, or entering a new export market. Proceeds from the loan are applicable to equipment, other fixed assets, transaction costs, foreign trades show participation, translation services or other working capital needs.

These are great programs made available to U.S. exporters and are valuable tools in helping alleviate the stress of financing pressure. Those international sales await, don't let them pass you by. Contact our office if you have any concerns or questions and let us know how we can assist you in achieving your exporting objectives. Salt Lake Export Assistance Center at 801/524-5116

Leveling the Playing Field for Procurement of International Contracts

The U.S. Department of Commerce's Advocacy Center has a distinct mission designed to expand and support the U.S. export base. In the fiscal year of 2002, The Advocacy Center network assisted in 76 projects that led to contracts totaling \$18.6 billion with roughly \$8.7 billion in U.S. exports. The Advocacy Center works to level the playing field of procuring international contracts by vying on behalf of your specific export interests. Some of the challenges as well as intervening solution services the Advocacy Center can provide include:

Challenges

- Foreign competitors receiving assistance from their home governments to pressure a customer into a buying decision;
- Unfair treatment by foreign government decision-makers, preventing you from a chance to compete;
- Politicized procurement processes linking contracts to concessionary financing, promises of technology transfer, or flow of aid;
- Tenders tied up in bureaucratic red tape, resulting in lost opportunities and unfair advantage to a competitor.

Solutions

- Timely letter to a foreign government decision-maker;
- Phone call to a high-level foreign official;
- Meeting between a foreign official and a U.S. ambassador, an embassy staff, or other U.S. government official;
- Cabinet or sub cabinet-level trade mission to a foreign country.

Visit the Advocacy Center website to learn more about this valuable assistance opportunity. There is an application and questionnaire available to submit online. Once submitted for review, and proper guidelines are met, The U.S. Embassy and other USG agencies can determine if your project meets the national interest guidelines and qualifies for support. <http://export.gov/advocacy/>

Attention Nutritionals Exporters: SANA 2004 is coming!

Exhibit at SANA 2004 in Bologna, Italy (September 9-12, 2004) and tap the Italian market without leaving your office!

The Commercial Service of the U.S. Department of Commerce and the Foreign Agricultural Service of the US Department of Agriculture are pleased to offer you a unique opportunity to enter the Italian market for health, natural, and environmentally friendly products through participation in the US Pavilion at SANA 2004.

SANA is Europe's largest natural nutrition, health and environmental products show. SANA 2003 featured 1,600 exhibitors of which 400 were foreign companies. Visitors totaled 74,000 of which 52,000 were highly qualified **Italian** businesspersons and 3,400 were international visitors. In addition to the exhibit area, which is divided in three sectors, Nutrition, Health and Environment, SANA has a program of over 60 seminars and workshops and attracts more than 800 accredited press representatives.

For 6 years running, the Commercial Service of the US Department of Commerce and the Foreign Agricultural Service of the US Department of Agriculture have cooperated in organizing the US Pavilion at SANA. Participation provides you with all the specialized services your company needs to crack the lucrative and expanding Italian market. Please contact David Fiscus at David.Fiscus@mail.doc.gov or 801-524-5116 at the Salt Lake City U.S. Export Assistance Center for additional information, or go to the U.S. Pavilion website at: <http://www.buyusa.gov/italy/en/sana2004.html>

U.S. Department of Commerce
Salt Lake Export Assistance Center
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